

**CITY COUNCIL OF THE CITY OF SAN DIEGO
SUPPLEMENTAL DOCKET NUMBER 2
FOR THE REGULAR MEETING OF
TUESDAY, JUNE 10, 2003**

ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS
RESOLUTION:

ITEM-S500: Appeal of Tie-down Fee Increases at Montgomery Field Airport.

(See City Manager Report CMR-03-087. Kearny Mesa Community Plan Area. District-6.)

(Continued from the meetings of May 6, 2003, Item 330, and June 3, 2003, Item 330, last continued at the request of the City Manager, in order to be heard on the same day as “cost recovery fees.”)

CITY MANAGER'S RECOMMENDATION:

Deny the Appeal and approve the fee increases to market rates for City Airports.

TODAY'S ACTION IS:

Adopt **either** Subitem-A denying the appeal **or** Subitem-B granting the appeal:

Subitem-A: (R-2003-1252)

Resolution denying appeal of City Airports Tie-Down and Fuel Fee Increases.

OR

Suibitem-B: (R-2003-1253)

Resolution granting appeal of City Airports Tie-Down and Fuel Fee Increases.

SUPPORTING INFORMATION:

The City of San Diego owns and operates two General Aviation Airports, Montgomery and Brown Field. The Airports Division operates as a user-funded enterprise system, receiving no general fund subsidy. All revenues from airport rates charges and fees are used to support the operating, capital, and other cost associated with Montgomery and Brown Field.

ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS (Continued)

RESOLUTION: (Continued)

ITEM-S500: (Continued)

SUPPORTING INFORMATION: (Continued)

The City of San Diego Administrative Regulation No. 95.25 provides for an annual review of the fees and charges that the City departments may administer to recover the cost of providing services. City Municipal Code Section 68.0119 grants the City Manager authority to charge and collect fees associated with the City Airports. Council Policy 100-5 formalized the process of notifying the public when changes to fee structures are made.

The Final Policy Regarding Airport Rates and Charges (Federal Register/Vol. 61. No. 121) requires airports to maintain a fee and rental structure for the facilities and services at the airports to make them as self-sustaining as possible. The Final Policy also requires that all revenues generated by the airports, including monthly aircraft parking rents and aviation fuel flowage fees, be expended by it for the operating and capital costs of the airports.

The last time airport fees were brought to market rate was in 1999. Fuel flowage fees were increased from 4 cent to 5 cent per gallon with no appeal requested. Monthly tiedown fees were proposed to be increased from \$50 to \$85 for a single engine aircraft and from \$65 to \$100 for twin engine aircraft. In addition, a new fee structure of 8 cents per square foot was proposed for larger aircraft occupying over 1050 square feet. An appeal of the tiedown fees was requested. The City Council denied the appeal and directed staff to implement the increase over two years since an adjustment had not occurred for 10 years. Staff was also directed to review rates annually. After review in 2001, fees were not increased as the aviation industry was experiencing the impacts of the September 11 terrorist attacks. As evidenced by the number of based aircraft, annual operations and demand for aircraft parking, City Airports have since recovered. At Montgomery Field during calendar year 2002, annual aircraft operations increased 13% over 2001. In addition, there were no parking vacancies, and there was a waiting list for aircraft parking. At Brown Field during the same reporting period, the number of based aircraft increased, a new fuel provider began operations, and total aircraft operations increased 14%.

ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS (Continued)

RESOLUTION (Continued):

ITEM-S500: (Continued)

SUPPORTING INFORMATION: (Continued)

Stakeholders and users were properly noticed regarding the currently proposed fee increases. The proposed increase directly effect 98 aircraft at Montgomery Field, and the five fuel service providers that deliver fuel to the two City airports. On March 21, 2003 and March 25, 2003, letters were sent to the effected parties. The increases were discussed at the March 4, 2003 and April 1, 2003 Airports Advisory Committee (AAC) meetings. As of April 15, 2003, four letters appealing the increases were received and acknowledged.

FISCAL IMPACT:

Total fiscal impact associated with this action will increase the Airports Enterprise Fund by approximately \$98,000 annually.

Griffith/Herring/TLM